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COMMISSION ON SUSTAINABLE DEVELOPMENT

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INITIAL FINANCIAL COMMITMENTS, FINANCIAL FLOWS AND ARRANGEMENTS  
TO GIVE EFFECT TO THE DECISIONS OF THE UNITED NATIONS CONFERENCE  
ON ENVIRONMENT AND DEVELOPMENT FROM ALL AVAILABLE FUNDING  
SOURCES AND MECHANISMS, INCLUDING THOSE REFERRED TO IN  
PARAGRAPH 33.14 OF AGENDA 21

Initial financial commitments, financial flows and arrangements  
to give effect to the decisions of the United Nations Conference  
on Environment and Development from all available funding  
sources and mechanisms

Revised draft decision submitted by the Chairman.

1. The Commission on Sustainable Development reaffirmed the basis for action contained in chapter 33 of Agenda 21 that economic growth, social development and poverty eradication are the first and overriding priorities in developing countries and are themselves essential to meeting national and global sustainability objectives. The Commission expressed concern that the general response to the recommendations and commitments of the United Nations Conference on Environment and Development (UNCED) regarding funding falls significantly short of expectations and requirements. The Commission welcomed, however, initial commitments and pledges made by some countries and the continued high level of assistance of other countries but emphasized that the inadequacy of financial resources remains a major constraint for effective implementation of Agenda 21 and the phasing-in of sustainable development. The Commission noted that, despite the agreed objectives reflected in chapter 33 of Agenda 21 regarding the necessity of financial resources being adequate, predictable, new and additional, these objectives have not yet been fulfilled. Therefore, the Commission stressed the need for effective and early implementation of all commitments contained in chapter 33 of Agenda 21, including those related to the United Nations target of 0.7 per cent of gross national product (GNP) for

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official development assistance (ODA). The Commission noted the absence of additional funding in the form of an "Earth Increment" at the Tenth Replenishment of the International Development Association and called on donor countries and the World Bank to explore ways and means of achieving an "Earth Increment". The Commission recalled the UNCED conclusion that the cost of inaction could outweigh the financial cost of implementing Agenda 21.

2. The Commission emphasized the importance of ensuring a supportive international economic climate and domestic economic and financial activities conducive to sustained economic growth and development in order to achieve sustainability. The Commission highlighted in this context the importance of making further progress in such areas as debt relief, particularly for developing countries, as well as of encouraging free trade and access to markets, which will help make economic growth and environmental protection mutually supportive for all countries, particularly for developing countries and countries undergoing the process of transition to a market economy.

3. The Commission stressed the importance of promoting sustainable development through trade liberalization and recognized that an open, equitable, secure, non-discriminatory and predictable multilateral trading system is critical for achieving sustainable development. In this respect the Commission expressed strong support for an early, balanced, comprehensive and successful outcome of the Uruguay Round of multilateral trade negotiations that would halt and reverse protectionism, improve access to markets, in particular for exports of developing countries, and bring about further liberalization and expansion of world trade. The Commission also recognized the importance of making trade and environment policies mutually supportive and favourable to sustainable development, while emphasizing that trade policy measures for environmental purposes should not constitute a means of perpetuating arbitrary or unjustifiable discrimination or a disguised restriction on international trade. The Commission emphasized that structural adjustment programmes should not have a negative impact on the environment and social and economic situation of developing countries.

4. The Commission welcomed the initiatives of some donor countries with respect to debt relief for the least developed countries and low and lower-middle-income countries, including debt cancellation, encouraged other donors to consider similar measures and emphasized the necessity of an adequate response to the problems of low and middle-income countries which had continued to service their debt despite severe economic problems.

5. The Commission urged international financial institutions, regional and subregional banks and United Nations specialized agencies and programmes, as well as other institutions involved in the implementation of Agenda 21, to play an increased and more effective role in providing new and additional financial resources, in particular to developing countries, for the implementation of Agenda 21, to make greater progress in integrating the concept of sustainable development into their programmes and projects and to make it an integral part of their decision-making process and institutional objectives.

6. The Commission requested the Secretary-General to use, *inter alia*, data of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) on resource flows to and from developing

countries (including ODA, official and private financial flows and debt repayments), on both an individual country and aggregated basis, in the development by the Secretary-General of the information required by the Commission to fulfil its responsibilities in reviewing and monitoring financial flows in relation to specific Agenda 21 clusters, and invited OECD to cooperate in this regard.

7. The Commission, recognizing its mandate to review the adequacy of the financial resources available for the implementation of Agenda 21, decided to establish an intersessional ad hoc, open-ended working group composed of Governments, which would nominate experts in order to assist the Commission in the following tasks:

(a) To monitor and review the requirements, availability and adequacy of financial resources for the implementation of different clusters of Agenda 21, taking into account the Multi-Year Thematic Programme, as well as projects, programmes, activities and sustainable development strategies prepared by Governments; in order to provide a suitable and common basis for action on the part of all Governments, bilateral funding agencies and States members of the governing bodies of the agencies and programmes of the United Nations system, as well as multilateral regional and subregional development banks and funds dealing with the issues of environment and development;

(b) To monitor and analyse various factors that influence the flow of financial and economic resources, such as debt relief, terms of trade, commodity prices, market access and private foreign investment, as well as to review mechanisms for innovative financing in the context of paragraph 33.16 of Agenda 21, taking into account activities at the national level;

(c) To develop on the basis of the above a policy framework for the mobilization of financial resources towards a balanced implementation of all aspects of Agenda 21 that would, *inter alia*, assist Governments, where appropriate, to implement their sustainable development strategies.

8. The Commission called on its Bureau to coordinate the work of the open-ended ad hoc working group, as well as the inputs to its work from other experts in relevant fields. The Commission requested the Secretary-General to provide, within existing resources, support to the above-mentioned working group.

9. The Commission will decide on the agenda and procedures for the working group, which will report its findings to the Commission.

10. In accordance with Economic and Social Council resolution 1993/215, the ad hoc working group should involve a dialogue and interaction with representatives of non-governmental organizations and major groups, under the relevant rules of procedure, ensuring equitable participation of non-governmental organizations from developed and developing countries and from all regions.

11. In order to facilitate the task of monitoring financial resources and mechanisms for the implementation of Agenda 21, the Commission invited Governments to provide information related to financial aspects of implementing Agenda 21 in line with decision ## of the Commission on the guidelines to the

Secretariat for organizing information provided by Governments on issues related to the implementation of Agenda 21. Regarding donor countries, the Commission suggested that elements of such information should include the extent to which the objectives and targets contained in chapter 33 of Agenda 21 have been achieved (for example, ODA as a percentage of GNP), debt relief, aid priorities, main funding arrangements related to sustainable development and specific support to environmental conventions. This information should as far as possible include an assessment related to programme areas of Agenda 21.

12. The Commission invited the World Bank and other international, regional and subregional financial and development institutions, including the Global Environmental Facility (GEF) and all specialized agencies and related organizations of the United Nations system, in accordance with paragraph 21 of General Assembly resolution 47/191, to include in their reports requested in its decision ## [item 2] information regarding their experience, activities and plans to implement Agenda 21, in particular those related to the provisions of paragraph 33.14 (a) and (b).

13. The Commission welcomed the decision by the participants in GEF to conclude negotiations on replenishment and restructuring by December 1993 and stressed the importance of:

- (i) Improved transparency as well as a more open information policy in GEF for all parties;
- (ii) Funding activities designed to achieve global environmental benefits, which should cover the agreed incremental costs of relevant activities under Agenda 21 and have sufficient flexibility to expand their scope and coverage to relevant programme areas of Agenda 21, with global environmental benefits, as agreed;
- (iii) Regular reporting of GEF to the Commission on Sustainable Development on its activities;
- (iv) According non-governmental organizations an improved consultative status;
- (v) Ensuring access to and disbursement of funds under mutually agreed criteria without introducing new forms of conditionality.

14. In reviewing other mechanisms and institutions for capacity-building as referred to in chapter 33 of Agenda 21, the Commission also invited States members of the governing bodies of the agencies and programmes of the United Nations system and multilateral, regional and subregional development banks and funds dealing with issues of environment and development to take steps to ensure that the programme budgets of those institutions receive adequate financial support in order for them to implement the provisions of Agenda 21 according to their respective mandates.